

Civil society raises the alarm over Mandalika, Indonesia's US\$3 billion tourism project

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A tourism development project in Indonesia backed by the Beijing-based Asian Infrastructure Investment Bank (AIIB), is being criticised for enabling human rights violations against locals and Indigenous peoples, and for, so far, failing to take meaningful action in response to civil society and community concerns.

"It speaks volumes that AIIB's first standalone project in Indonesia had to become a public stain for the bank to engage in a substantive - albeit faulty - response," says Wawa Wang, a senior adviser at VedvarendeEnergi, a Danish NGO focusing on development and environmental issues.

The Mandalika project, located on the island of Lombok, is one of the '[10 New Balis](#)' initiatives announced by the Indonesian president Joko Widodo in 2017, to build tourism hubs across the country to attract both foreign investment and tourists. The AIIB is a key funder in the US\$3 billion project.

As the AIIB expands investments in the region, including in countries like Myanmar, which in February saw [the military seize power from a democratically elected government](#), and, in the proceeding months, crackdown on the opposition, with [over 1000 people killed so far](#), the Mandalika project may be the precursor to broader human rights and labour concerns around Chinese investment in South-East Asia.

"What is worrying, given the [bad track record](#) of Chinese multinationals when it comes to complying with workers and trade union rights, is that the workers...will likely be subjected to very poor working conditions and standards, notwithstanding the AIIB safeguard policies," says Maung, president of the Confederation of Trade Unions, Myanmar (CTUM).

Lack of informed consent and proper consultations

Lombok, located to the east of Bali, is part of the West Nusa Tenggara province, one of the poorest in Indonesia. The plan to develop the area around Mandalika includes building a 1175-hectare integrated tourism complex with hotels and a Grand Prix motorcycle racetrack, the latter of which is currently under construction. AIIB is a funder along with the France-based VINCI Construction Grands Projets group.

Earlier this year, the United Nations Office of the High Commissioner for Human Rights (OHCHR) [released a statement](#) expressing concerns about land grabs, forced evictions of Sasak Indigenous peoples, and intimidation and threats against human rights defenders.

"In light of the dark history of human rights violations and land grabs in the region, the AIIB and businesses cannot look the other way and carry on business as usual. Their failure to prevent and address risks of human rights abuses is tantamount to being complicit in such abuses," said Olivier De Schutter, a United Nations Special Rapporteur

on extreme poverty and human rights, in the March 2021 communiqué.

According to OHCHR, there are credible claims of land seizures, the destruction of homes, fields, water sources and cultural/religious sites, and that locals who refused were subject to intimidation and threats. All of these issues, Wang feels, could have been prevented.

“The bank fell short in requiring its client to conduct a thorough environmental and social impact assessment...and rejected the recommendation from an Indonesia-based infrastructure monitoring coalition to disclose the bank’s own audit of land survey, in spite of reports of land conflicts, coerced involuntary resettlement and land expropriation under threatening conditions for project-affected people,” she says.

Forced evictions

According to community members who spoke to *Equal Times*, there are still residents living within the tourism project area, including a fishing community. They allege that there have been at least five rounds of forced evictions since 2019.

“These vulnerable communities, including the Indigenous people in Mandalika, lost their right to participate in public decision making in an atmosphere free of intimidation,” says Wang. “In addition to lost livelihoods, many now live in crippling poverty since the project was approved.”

In [a response to OHCHR](#), the Indonesian government denied that the Indonesian Tourism Development Corporation, the local implementing partner, failed to adequately compensate locals and claimed that there were no land grabs or forced relocations.

When reached for comment, the AIIB pointed to its recently updated [Environmental and Social Framework \(ESF\)](#) as adequate when it comes to addressing human rights due diligence, and stated that it has both acted upon concerns and improved the process going forward.

“Some lessons learned from the Mandalika project include carrying out an improved assessment of a client’s capacity to implement the project-level environmental and social instruments, ensuring there are an adequate number of qualified staff being a condition to release of funding, improving the assessment of legacy issues and the use of locally based consultants,” said a AIIB spokesperson, who declined to be named, in an email to *Equal Times*.

Civil society groups, however, feel that this is not nearly enough, and that the impacts of any changes by AIIB have yet to be felt in the affected communities. Moreover, most civil society recommendations were not included in the updated ESF, despite active attempts at engagement.

Carmina Flores-Obanil, the regional coordinator for the global Coalition for Human Rights in Development, says that the biggest concern is that “there’s really no room for local stakeholders in the ESF...[.] There is room for the clients, the bank, but project-affected communities are not included in the process.”

Broader concerns around the AIIB in the region

The AIIB was founded in 2016 as an alternative to established multilateral lending banks such as the World Bank and the Asian Development Bank (ADB). At the time, many expressed concerns about China’s role. The president of the bank, Jin Liqun, is Chinese, Beijing controls about 26 per cent of voting shares, and has clear influence on how the bank operates.

“The Chinese side looks at what they’ve done domestically, without anything in the way of human rights safeguards, without local consultation and looks at economic and social policies as obstacles to getting things done,” says Joshua Rosenzweig, deputy regional director for East Asia at Amnesty International’s Hong Kong office.

Not surprisingly, this also means that the AIIB has had shortcomings when it comes to involving civil society groups internationally. “There was a moment, a couple of years back, when it felt like they were making an effort to reach out to civil society organisations, and then that changed. We’ve felt that they’ve started to build up walls again,” says Petra Kjell, a campaigns manager with Recourse, a Netherlands-based NGO that tracks global development finance. She points to the limited role that civil society groups have at AIIB’s annual meeting, compared to the World Bank, which allows them to independently invite speakers and organise panels.

Another country of concern for Kjell is Myanmar, where the AIIB, [according to a report](#) from the Justice for Myanmar campaign group, indirectly financed a telecommunications infrastructure company that is doing business with the military, and [a cement plant](#) that is using coal. Statements by [the bank’s vice-president](#) in late May that left the door open to lending to the junta-controlled government are also worrying.

“The fact that AIIB is the only multilateral development bank that hasn’t made public how they engage with Myanmar [is concerning],” says Kjell. “AIIB has to come clean in Myanmar and take an open, strong position. Being a Chinese-initiated bank, it sends certain signals that could be problematic given China’s stance on Myanmar.”

As western companies face increased pressure to cut ties with the junta government over human rights abuses, [the role of China](#) is only growing, says Maung, which is deeply troubling. “As far as the CTUM is concerned, the people don’t own anything now,” adds Maung. “All resources and businesses are owned and controlled by the military junta and its cronies, including China.”

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